

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-06 ISO-00 OIC-02 SP-02 AID-05 NSC-05

RSC-01 CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03

LAB-04 SIL-01 L-02 H-01 AGR-05 DODE-00 PA-01 USIA-06

PRS-01 PM-03 IO-10 /109 W

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R 240911Z JAN 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 7542

INFO AMEMBASSY LONDON

AMEMBASSY ROME

USMISSION EC BRUSSELS

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ROME FOR FODAG

PASS AGRICULTURE AND STR

E.O. 11652: N/A

TAGS: ETRD, EAGR, JA

SUBJECT: JAPANESE VIEWS ON US PROPOSAL FOR DISCUSSION
OF GRAIN RESERVES

REF: (A) STATE 279906 (B) TOKYO 0705

SUMMARY: CONVERSATION BETWEEN FONOFF ECONOMIC AFFAIRS
BUREAU DIRECTOR GENERAL MIYAZAKI AND USDA ASSISTANT
SECRETARY YEUTTER JAN. 23 DEVOTED, AT MIYAZAKI'S
INITIATIVE, ENTIRELY TO PROPOSED AD HOC GRAIN RESERVES
MEETING. FOLLOWING EXPOSITION OF VIEWS ON MEETING BY
YEUTTER, MIYAZAKI INDICATED ABSENCE OF GOJ CONSENSUS
AND DESCRIBED REASONS FOR JAPANESE HESITANCY RE
RESERVES AGREEMENT. MIYAZAKI CONFIRMED GOJ WOULD
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ATTEND MEETING, BUT ADDED IT WOULD PROBABLY NOT ADOPT

FORTHCOMING POSTURE. END SUMMARY.

1. MIYAZAKI ASSERTED THAT CONSENSUS HAD NOT BEEN DEVELOPED ON GOJ POSITION VIS-A-VIS PROPOSED MEETING. HE INDICATED THAT MINISTRY OF FINANCE TOOK MORE NEGATIVE POSITION THAN MINISTRY OF AGRICULTURE AND FORESTRY AND THAT OPPOSITION TO RESERVES AGREEMENT COULD BE EXPECTED IN DIET. THIS, HE SAID, WOULD ADD TO LIST OF CERTAIN OTHER ECONOMIC ISSUES ON WHICH GOJ WOULD FACE DIET OPPOSITION.

2. ACCORDING TO MIYAZAKI, VARIOUS AGRUMENTS AGAINST AND QUESTIONS ABOUT AGREEMENT HAVE BEEN RAISED. THESE INCLUDED:

(A) AGREEMENT NOT IN JAPANESE INTEREST.

JAPAN BEARS NO PART OF BLAME FOR SHORT-SUPPLY SITUATION, AND SINCE USG NO LONGER HOLDING STOCKS IT IS ASKING OTHER COUNTRIES TO DO SO FOR IT.

(B) RESERVES AGREEMENT WOULD PLACE JAPAN AT DISADVANTAGE BY MAKING IT EASIER FOR POORER COUNTRIES TO OBTAIN GRAIN. IN ABSENCE OF AGREEMENT JAPAN WOULD BE BEST ABLE TO OBTAIN ITS REQUIREMENTS BECAUSE OF ITS SUPERIOR FINANCIAL RESOURCES.

(C) JAPAN IS DEFICIENT IN GREATER NUMBER OF NATURAL RESOURCES. LOGIC WOULD DICTATE THAT IT BUILD UP STOCK-PILES OF ALL THESE RESOURCES, WHICH WOULD OBVIOUSLY BE IMPOSSIBLE. WHY SINGLE OUT FOOD? (YEUTTER REMINDED MIYAZAKI THAT FORD PERHAPS INVOLVED IN ADDITIONAL UNIQUE FACTOR, I.E. WEATHER.)

(D) THERE IS QUESTION OF UTILITY AND FEASIBILITY OF ARRANGEMENT IF SOVIET UNION AND PRC DO NOT PARTICIPATE.

(E) SINCE MAJOR PRODUCERS ARE NOW INCREASING PRODUCTION, PERHAPS QTE MORE NORMAL UNQTE SUPPLY SITUATION WILL ARISE. WHY THEN SHOULD JAPAN MAINTAIN A FOOD RESERVE?

3. MIYAZAKI ALSO MENTIONED TACTICAL PROBLEM THAT EMPHASIS ON NECESSITY FOR RESERVES INCREASES PRESSURES FOR EFFORTS AT INCREASED SELF-SUFFICIENCY. RESULT OF THOSE EFFORTS IS PRESSURE FOR INCREASED AGRICULTURAL PROTECTIONISM.

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4. FINALLY, MIYAZAKI RAISED RELATIONSHIP OF NEGOTIATIONS ON GRAIN RESERVES AGREEMENT TO MTN. HE NOTED THAT IT WOULD BE EASIER FOR JAPAN IF FORMER WERE PART OF MTN. (THE IMPLICATION OF THIS COMMENT WAS THAT THEY WOULD EXPECT, IN THE MTN, TO BE PAID FOR HOLDING THE RESERVES.)

5. IN RESPONSE TO MIYAZAKI'S VARIOUS ARGUMENTS YEUTTER STRESSED JAPAN'S GREAT VULNERABILITY IN THE FOOD AREA. WHILE EMPHASIZING THAT DECISIONS ON INCREASING SECURITY OF SUPPLY WOULD NECESSARILY BE MADE BY GOJ, HE OFFERED HIS ASSESSMENT THAT PARTICIPATION IN GRAIN RESERVE ARRANGEMENT WOULD PROVIDE LONGER-RANGE SECURITY, WHILE SUCH BILATERAL STEPS AS LONG-TERM CONTRACTING, STORAGE IN US AND INCREASED STORAGE IN JAPAN -- IN APPROPRIATE MIX DEPENDING ON CROP AND PARTICULAR CONDITIONS AT THE MOMENT -- WOULD HELP ALSO IN SHORTER-RUN.

6. MIYAZAKI CONFIRMED THAT GOJ WOULD ATTEND PROPOSED MEETING. HOWEVER, HE ADDED THAT DIET PROBLEMS AND MINISTRY OF FINANCE ATTITUDE WOULD PROBABLY RESULT IN QTE QUITE NEGATIVE UNQTE POSITION, CONSISTING MAINLY OF RAISING QUESTIONS AND RAISING DOUBTS.

7. SUBSEQUENTLY, OYAKE (DIRECTOR OF FIRST INTER-NATIONAL ECONOMIC AFFAIRS DIVISION) TOLD E/C COUNS THAT FORMAL REPLY TO US INVITATION (I.E. ACCEPTANCE) WOULD BE GIVEN NEXT WEEK AFTER INTER-MINISTERIAL CLEARANCES HAD BELZ RECEIVED. HE RENEWED URGENT REQUEST FOR PROPOSED AGENDA AND ANY OTHER INFORMATION ON US PROPOSALS FOR MEETING.

8. OYAKE ALSO ASKED WHETHER FONOFF COULD MENTION MEETING TO PRESS, PARTICULARLY GOJ'S ACCEPTANCE OF US INVITATION, WHEN IT IS MADE.

ACTION REQUESTED: ADVICE ON ISSUES RAISED PARA 7 AND 8.
HODGSON

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